



Where the possibilities are endless!

Digitally CD Duplication, INC

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TERMS AND CONDITIONS OF SALE

1) Agreement. All sales by Digitally CD Duplication, INC or any subsidiary or affiliate thereof ("Company") to the customer ("Customer") listed in this Credit Application and Agreement ("Agreement") shall be governed by the provisions contained in this Agreement. Special conditions contained on Customer's order forms that are at variance with or in addition to the terms and conditions contained here in are not binding on Company or Customer's authorized representative on this Credit Application constitutes Customer's acknowledgement and acceptance of the terms and conditions of this Agreement.

2) Terms of Payment. Customer shall pay to Company the amount stated on the front of the invoice in the box marked "Total". In addition, Customer is responsible for the ultimate payment of all taxes, including without limitation, sales and use taxes, stamp charges, licenses, duties and government exactions by whatever name that may be assessed or levied on account of the goods purchased by Customer ("Goods"). Any amount unpaid after 30 days from the date of the invoice shall accrue interest at a rate of eighteen percent (18%) per annum. Payments are to be made payable and addressed directly to the Company. In the event that an order is cancelled, the Company reserves the right to charge for services rendered prior to receiving such notice, together with a 15% cancellation fee. Expenses incurred on behalf of the Customer are due and payable at such time that the job is cancelled. The Company reserves the right to refuse any order.

3) Disclaimer of Warranties. Company disclaims any and all express and implied warranties in any way relating to goods purchased by customer, whether based on breach of contract, negligence, strict liability or otherwise including without limitation any implied warranties of merchantability or fitness for a particular purpose, except that the goods shall meet company's standards. Customer assumes all risk and liability resulting from use of such Goods, whether used singly or in combination with other goods.

4) Shipping Policy. All orders are priced F.O.B at our choice of manufacturing plant and further shipment may be arranged upon approval by the Company. The Company will do everything necessary to meet the Customer's anticipated delivery date, but the Company cannot guarantee that the Customer will receive its product by a specific date. All delivery dates from the Company are estimates only. The Company does not assume liability for any late deliveries.

5) Claims. Customer may reject all or part of the Goods, revoke its acceptance of all or part of the Goods or assert a claim or defense based on the quality of all or part of the Goods only if, with five (5) days after receipt of the Goods, Customer sends to Company by prepaid parcel post or express delivery, (1) a letter specifying the nature of the complaint, and (2) a representative sample of the Goods alleged to be defective or inferior. No charges or expenses incident to any claims will be allowed unless approved in advance and in writing by an authorized representative of Company. Other than this sample, Compliance by the Customer with these conditions precedent shall not constitute an admission by the Company of the merits or amounts of the Customer's claim or defense.

6) Company's Liability. In no event shall the Company or its suppliers be liable for any damages whatsoever (including without limitation, special, incidental, consequential, or indirect damages for personal injury, loss of business profits, business interruption, loss of business information, or other pecuniary loss) arising out of the use of or inability to use this product, even if the Company has been advised of the possibility of such damages.

The liability of the Company and its suppliers under any provision of this Agreement shall be limited to the amount actually paid by the Customer for the product. Because some jurisdictions do not allow the exclusion or limitation of liability for consequential or incidental damages, the above limitation may not apply to Customer. The Company and its suppliers do not accept any liability for any damage caused either directly or indirectly, by the use of the Goods in a manner inconsistent with industry standards or other published operational requirements.

7) Intellectual Property Rights & Ownership. Materials provided by the Customer to Company in connection with the Goods shall remain Customer's property. The Customer represents and warrants that the Customer has obtained all rights and permission required to be obtained in order to have data, recordings, artwork and printed materials to be replicated onto or into the Goods. Customer warrants and assumes full and exclusive responsibility to provide appropriate evidence that artwork and printed materials will not infringe upon any trademark, copyright, contract, property rights and that Customer has paid any and all royalties or other charges to be paid pursuant to copyright law of the United States, any statute, order or other law, or right to contract governing such materials; and the materials do not contain matter which is libelous, defamatory, obscene or invades the rights of privacy or right of any individual. Customer shall provide valid track artist, title listings, and shall identify all intellectual property rights owners and licensing information. Customer represents and warrants that Customer has full legal right and authority to permit Company to reproduce or duplicate the materials submitted to Company. Customer acknowledges that Company has used good faith efforts to validate the representations and warranties of Customer set forth in this Agreement.

8) Customer Materials. Company shall not be liable for loss or damage to Customer's property. Customer is responsible for insuring its property. Company reserves the right to withhold Customer's property until the full amount is paid to Company for the Goods, including any outstanding account balance. If Customer fails to pay any invoice or account balance within 6 months, or fails to claim its property with six (6) months after Customer's account has been paid in full, Company may dispose of Customer's property in any Manner Company deems appropriate.

9) Promotion Use of Products. The Company reserves the right to use samples of the products produced for the Customer as demonstration or promotional materials and to affix its corporate name and logo on the reverse side of each CD, DVD, or Digital Card and to order additional CDs, DVDs, or Digital Cards at its own expense for use as promotional materials.

10) Non-Waiver. The Company's failure to exercise any right or take any action permitted hereunder, or to insist upon strict performance of any provision hereof, shall not be deemed a waiver thereof or as a waiver of other rights, remedies, breaches or subsequent defaults by the Customer in the performance of or compliance with any of the terms of this Agreement.

11) Delay in Performance. Company shall not be liable for delay in Company's performance caused by circumstances beyond Company's control, including without limitation, storm, flood, act of God, fire, war, riot, government action, labor strike or lockout or other labor trouble or shortage or inability to obtain material, equipment or transportation.

12) Representations and Warranties. Customer represents and warrants that: (1) Customer has the right and legal authority to execute and deliver this Agreement to Company and perform Customer's obligations hereunder and that all necessary action has been taken by or on behalf of Customer to authorize and approve this Agreement, (2) Customer is the sole owner of all materials delivered to Company for duplication and reproduction, (3) Customer has the right and authority to possess, use, duplicate and reproduce any and all materials delivered to Company for duplication or reproduction, (4) neither such material, nor the duplication, reproduction or use of the same in any way is defamatory or violates or infringes any copyright, trademark, patent, other intellectual property right or any other right of any person or entity, wherever located, (5) such materials are not obscene and do not otherwise violate any local, state or federal law or regulation, and (6) Customer shall comply with the

Anti-Piracy Compliance Program guidelines.

13) Indemnification. Customer agrees to indemnify, defend and hold Company and its directors, officers, agents, and employees harmless from any loss, liability, cost, expense (including reasonable attorneys' fees), causes of actions, claims or demands arising out of or in connection with (i) any breach or default by Customer under this Agreement or (ii) the duplication, distribution, publishing, processing, use, contents or exhibition of the materials supplied by Customer, or Goods purchased by Customer from Company, including, without limitation, any claim asserted by any third party against Company based on Company's actual or alleged violation of applicable law or infringement of rights of a third party resulting from Company's reproduction or duplication of materials submitted by Customer to Company. Company agrees (at Company's option) to either (i) permit Customer to defend a third party claim asserted against Company with counsel of Customer's choice, in which case, Company shall provide all assistance reasonable required in prosecuting the defense, or (ii) to defend such claims with counsel of Company's choice, in which case Customer shall provide all assistance reasonable requested in connection with such defense. Customer indemnity hereunder shall extend to all reproductions or duplications in all formats that are manufactured by or for Company on Customer's behalf.

14) Confidentiality and Royalties. Company and its agents agree to keep confidential work performed under this Agreement for Customer. Customer agrees to pay any and all royalties, including but not limited to royalties, including but not limited to royalties owed to any patent or copyright holder, with respect to the products manufactured pursuant to any and all of Customer's Purchase Order, no matter when demand for payment of any such royalties are made.

15) Change Orders. Customer may, from time to time, by written change order to Company, make such changes and additions to, and/or omissions from, the Goods as it deems necessary, provided, however, that each such change and the cost for any part of the Goods affected thereby shall be subject to the mutual agreement of the parties negotiating same in good faith and acting with due diligence.

16) Claims by Customer. In addition to Company's right to attorneys' fees and costs under paragraph 13 above, if (i) Customer asserts any claim against Company in connection with this Agreement or otherwise relating the sale or purchase of Goods, and (ii) Company succeeds in denying substantially all of Customer's claim, Company shall be entitled to recover from Customer the attorneys' fees and costs incurred by Company in defending against such claim regardless of whether litigation is instituted or prosecuted to judgment.

17) Entire Contract. This Agreement contains the entire understanding of the parties hereto with respect to the sale and purchase of Goods, and no modification or waiver of these terms and conditions contained herein shall be of any force unless such modification or waiver shall be in writing and signed by the Company's authorized representative. Customer agrees that all terms and conditions of each sale and purchase of Goods shall be the terms and conditions contained in this Agreement, and that any different, additional or conflicting terms and conditions contained in Customer's purchase order are inapplicable and without effect. Neither party shall assign the Agreement without the prior written consent of the other party.

18) Severability. If any or provision of this Agreement shall be deemed to be invalid or unenforceable, such a determination shall not effect any of the remaining terms and provisions, and provisions, and all such remaining terms and provisions shall remain in full force and effect.

19) Governing Law. Consent to Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by and construed in all respects, including as to validity, interpretation and effect, in accordance with the laws of the state of California without regard to conflict of laws principles, or to international or transnational laws. The parties further agree that if a dispute arises between the parties relating to this agreement. The parties hereby irrevocably submit to the exclusive jurisdiction of the courts of the state of California and the federal courts of the United States of America located in Los Angeles county, state of California, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding that said action, suit or proceeding may not be brought or is not maintainable in said or that the agreement may not be in forced by said courts. Each party expressly

waives the right to a jury trial as to any issues arising out of any such dispute.

20) Counterparts. This Agreement may be executed in counterparts, and once so executed shall be integrated and have the same validity and effect as if all signatories had executed the same original.

21) Attorney's Fees. In the event that either party hereto should employ the services of an attorney in connection with a breach of this Agreement or the enforcement of the terms hereof, the defaulting or losing party shall pay, in addition to any other sums due hereunder, the prevailing party's reasonable attorneys' fees, costs and expense.

22) Notices. All notices, requests, demands or other communications (the "notes") required by this Agreement or otherwise given in respect to the transactions contemplated by this Agreement, shall be in writing and served by personal delivery or deposited with the United States Postal Service, certified mail, return receipt requested, with proper postage affixed, addressed and directed to the party to receive the same at the address given on the first page of this Agreement. All notices shall be deemed effective on the date and at the time of delivery if delivered in person, or if deposited with the United States Postal Service, on the second business day following the date of deposited. Any party may designate in writing a different person or entity or change the place to which any notice shall be given. The change shall be effective after the same is received by the other party.

23) Relationship. It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other arrangement between Customer and Company except as specifically provided herein. No term or provision of this Agreement is intended to benefit any person, partnership, corporation or other entity not a party hereto (including, without limitation, any broker), and no such other person, partnership, corporation or entity shall have any right or cause of action hereunder.

By signing this Agreement, Customer represents and warrants that: (1) Customer is authorized to enter into and execute this Agreement; (2) the information furnished in this Agreement by the Customer is true and accurate; (3) Customer has read this entire Agreement; (4) Customer agrees to be bound by the Terms and Conditions stated therein; and (5) Customer agrees to comply with the Anti -Piracy Compliance Program guidelines.

Customer Name: _____

Customer's Company: _____

Title: _____

Tax I.D (or Social): _____

Date: _____

Signature

Please mail this contract to us along with the master.

Digitally CD Duplication, INC